



# Leadership Q&A

## Keep the Long-Term in Mind

**B**havesh (Bob) Patel, CEO and chairman of the management board of LyondellBasell, talks to *CEP* about his strategy for leading one of the largest plastics, chemicals, and refining companies in the world. In 2010–2011, faced with significant debt and soft demand, the company had to restructure and cut costs. Emerging from those dark times, LyondellBasell is now focused on growth and expanding its operations where it has a competitive advantage.

*What qualities have been most important for you as CEO of LyondellBasell?*



**Bhavesh (Bob) Patel:**

Everyone may have a different perspective on a question like this, but I think what has been most important for me personally has been to come to the job every day believing that I'm here to serve the 13,000 people that

are working to make our company the best operated, most valued company in our industry. In my mind, this means doing the job with humility, paying attention to detail where detail really matters, having a strong work ethic, and insisting upon the highest ethical standards.

With respect to the idea of service, when I took over as CEO last year, I realized that as I've grown in my career, each job required me to focus more and more on the team rather than my individual success. The role of CEO epitomizes this — I believe that if our employees are supported and provided the opportunity to realize their potential, we will deliver great results and, ultimately, our customers and shareholders will benefit.

One thing I often talk about is acting with humility. I understand that it's not just the CEO that makes things happen, it really is the power of the team, or the "power of many" as we say at LyondellBasell, that delivers the result. In many ways, my job is to enable, empower, and support the team so they can accomplish great things.

The other thing that has been important is to be detail-oriented where detail matters. I know that when I have a sufficient level of detail or depth on a topic, I'm better able to coach the team to even higher performance.

Wrapped into this is the need to stay hungry and not become complacent. The day you think you have arrived is the day you take your first step back.

Lastly, I think there's really only one way and that's the right way. We want to have great results, but we want to achieve them in the right way, with the highest ethical standards.

*What is the key to your leadership strategy?*

**Patel:** I wouldn't say that there is one "key," but rather a couple things that I find to be really important. For instance, I like to get out and touch the operation personally, so I spend a lot of time visiting our facilities and talking with employees. I make a point of scheduling time to visit manufacturing sites around the world and I often visit other locations where a CEO might not typically go.

I've found that when I engage people in their setting they have a different affinity for the company and are very willing to share what's on their mind. Frankly, that's when I really get a good sense of the heartbeat of the company.

*Was there one experience or event that provided the impetus for this strategy?*

**Patel:** Before being named CEO, I led big parts of the company in Europe, Asia, and the U.S. and met a lot of truly excellent people. Through this experience, I developed a real appreciation for diversity. The term diversity can be used to mean different things, but it's really diversity of thought that can be very powerful. I've found that if you listen, it will make your decision process that much richer because you draw from different perspectives.

The other thing that was formative in this respect was how, when you sit in Hong Kong, Rotterdam, or any one of our other locations, people can get disconnected when the CEO doesn't sit in that office. It's natural for employees to get very focused on their particular segment or business unit and not connect to the company as a whole. I have seen that when everyone is connected and understands how their job function impacts the whole company, the results can be very compelling.

*Will you talk about the long-term growth strategy you initiated when you became CEO of LyondellBasell?*

**Patel:** Over the past five to six years, the company has really evolved in many ways, so now our challenge is to maintain and continuously improve while also looking for strategic ways to grow.

Essentially, this means that we must first run what we

own today extremely well. That starts with a total commitment to achieving zero incidents when it comes to health, safety, and environmental performance. Today, we have one of the best records in the industry and while we're quite proud of that we cannot stop until we have zero incidents. But this also means being very proactive and disciplined about maintenance, which also improves our overall reliability by reducing unplanned outages.

One of the things we will also continue to focus on is cost management. We know that this industry is cyclical in nature, so even though we are doing well financially, we have been disciplined about holding the line on costs so we don't have to make difficult choices when times become more challenging. I want us to stay efficient and lean through the industry cycles so that our house is always in order.

Doing this right means we will remain a highly competitive, long-term winner that has the financial flexibility to invest in expanding existing plants where we can do it cost-effectively or building new plants where we think there is a unique advantage.

***Have you faced challenges where you've been tempted to make a decision not in line with long-term growth because it would be easier to cut costs or lay off employees? How do (did) you manage those moments/experiences?***

**Patel:** Back in 2011 and 2012, I was leading our European olefin and polyolefin business and the region was going through a big recession. At the time, our assets were not running at full capacity and we had to cut costs. Rather than doing the easy thing, which would have been simply to cut maintenance, we reduced structural costs that we didn't need to add back later. During this period, we continued to invest in our facilities because we knew that eventually there would be an upturn and we wanted these facilities to be in tip-top shape when the market bounced back. That strategy paid off in 2014 and 2015 when the markets improved.

In my experience, you always have to keep the long-term in mind when considering cost management. Sometimes simply cutting costs in the short term can compromise long-term potential or opportunities.

***How do acquisitions fit into your growth strategy?***

**Patel:** When considering an acquisition, it's always important to understand what drives the value and if it stays true to the core of the company. There are a lot of companies who acquire very different businesses because they want to become more diversified. But I believe that when you get too diversified, you get confused about who you are and what markets you serve, and often it's difficult to be efficient in a very diversified business model.

When analyzing a potential acquisition, we consider how we could create value with the assets compared to the current owner. Sometimes it's pure cost reduction; sometimes it's that we know how to run it more cost-efficiently; sometimes it's about our product or business portfolio and integrating downstream.

I also think patience is really important. Acquisitions are often done in good times because that's when people are feeling very buoyant. But as I have stated, planning through cycles is imperative.

***How do you balance a long-term growth strategy with navigating through volatile oil and gas prices?***

**Patel:** One of the things that I talk to our team about is controlling the controllables. In addition to our basic strategy of properly maintaining our plants and managing our costs, this means having capable, committed people who are focused on anticipating changes in the markets and taking action where possible to mitigate or, in some cases capitalize on, their impacts.

For instance, that's why we made significant investments in debottlenecking projects, which cost less than building new plants but allow us to benefit from capacity expansions. Another example is developing feedstock flexibility so that we can do well in any environment. The other thing that has been important for us is to maintain a diverse set of assets.

Oil and gas prices have different impacts in different parts of the world. In the U.S., in our ethylene and derivatives business, we like a high oil price and low gas price. In Europe, a lower oil price and weaker euro improve competitiveness of European operations. What I like in our portfolio is that we have a big enough European position to give us global diversity. If the U.S. is down a little bit and Europe is up, overall the company continues to perform well.

***What are you most proud of as CEO of LyondellBasell?***

**Patel:** The first thing that I'm most proud of is our safety record. We have one of the best health, safety, and environmental records in the industry. Yet, at the same time, we don't have perfection in every category when it comes to safety. So, I'd say that I'm proud, but not satisfied about this.

I would also say that I'm very proud of our team and our performance. While we're one of the best in our industry in lots of respects, our team is very humble and hungry. It's incredibly gratifying when I visit our facilities and folks begin by sharing their ideas on how we can get even better.

The success that we enjoy today is thanks to a capable, dedicated, and committed workforce. And frankly, it's my honor to lead such a great team.

CEP